

Message Text

UNCLASSIFIED POSS DUPE

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72

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 FEA-02 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-03 H-03 INR-11 INT-08 L-03

LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03

SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03

OMB-01 SWF-02 DRC-01 /197 W
----- 126608

R 071753Z AUG 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7334

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS EC BRUSSELS 5992

PASS AGRICULTURE

E.O. 11652: NA

TAGS: EAGR, EEC

SUBJECT: INWARD PROCESSING ARRANGEMENTS BANNED FOR MOST BEEF AND PORK
PRODUCTS

REF: (A) STATE 170133; (B) THE HAGUE 3766; (C) EC BRUSSELS 5406
(D) EC BRUSSELS 5317

1. SUMMARY

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THE EC COUNCIL BANNED "INWARD PROCESSING" ARRANGEMENTS FOR MOST

BEEF AND PORK PRODUCTS. THE ACTION DID NOT REPEAT NOT BAN NORMAL IMPORTS OF SUCH PRODUCTS, (OTHER THAN BEEF, VEAL AND LIVE CATTLE FOR WHICH THE ISSUANE OF IMPORT LICENCES IS SUSPENDED). THIS ACTION DOES HAVE SOME EFFECT ON DUTIES. END SUMMARY.

2. COUNCIL REGULATIONS 1853/74 AND 1854/74, BOTH OF JULY 16, RESPECTIVELY SUSPENDED INWARD PROCESSING ARRANGEMENTS FOR MOST PRODUCTS

SUBJECT TO THE BASIC BEEF AND PORK MARKET REGULATIONS. "INWARD PROCESSING" IS DEFINED BY COUNCIL DIRECTIVE NO. 69/13 OF MARCH 4, 1969 (O.J. L 58 OF MARCH 8, 1969) AS DUTY OR LEVY FREE IMPORTATION OR WITH IMPORT CHARGES RESTITUTED, FOR PROCESSING OR MANUFACTURE AND FOR RE-EXPORT OUTSIDE OF THE CUSTOMS TERRITORY OF THE COMMUNITY. THUS, ONLY THOSE PRODUCTS THAT ARE SUBJECT TO IMPORT CHARGES ARE AFFECTED. THESE COUNCIL REGULATIONS DO NOT REPEAT NOT BAN IMPORTS. MOREOVER, THEY ARE APART FROM, OR IN ADDITION TO, SUSPENSION OF IMPORT LICENCES FOR BEEF AND VEAL AND FOR LIVE CATTLE DISCUSSED IN REFS. C AND D, ALTHOUGH BOTH AIM TO PROMOTE CONSUMPTION OF COMMUNITY PRODUCTS. OUR VIEW, CONFIRMED BY A COMMISSION SOURCE, IS THAT IMPORTS OF PRODUCTS SUBJECT TO THE BASIC BEEF AND PORK MARKET REGULATIONS, INTENDED FOR PROCESSING OR MANUFACTURE AND RE-EXPORT, MAY CONTINUE TO BE MADE IF THE PERTINENT DUTIES, LEVIES, OR OTHER CHARGES AT IMPORT ARE PAID, EXCEPT FOR BEEF, VEAL AND LIVE CATTLE AS MENTIONED ABOVE.

3. THE COUNCIL REGULATIONS MENTIONED IN PARAGRAPH 2 REFER TO COMMUNITY SURPLUSES OF PORK AND OF BEEF AND VEAL, TO LIMITED EXPORT POSSIBILITIES FOR THOSE PRODUCTS, AND TO THE NEED TO ABSORB THESE COMMUNITY SURPLUSES AS JUTIFICATIONS FOR SUSPENSION OF DUTY-FREE IMPORT TREATMENT.

4. COUNCIL DIRECTIVE NO. 69/73 HARMONIZED MEMBER STATES PROVISIONS AFFECTING THE DUTY-FREE IMPORTS FOR PROCESSING OR MANUFACTURING AND RE-EXPORT. IT OMITTS ANY REFERENCE TO THE DUTY-FREE IMPORTATION AND SUBSEQUENT RE-EXPORT OF PRODUCTS "AS SUCH" OR NOT PROCESSED, REFERRED TO IN PARAGRAPH 2 OF REF. B, WHICH IS "ENTREPOT TRADE" OR A CUSTOMS WAREHOUSE ARRANGEMTN.

5. AN EC COMMISSION SOURCE TOLD US THAT THE BULK OF TALLOW IMPORTS
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FOR PROCESSING AND RE-EXPORT HAS BEEN UNDER 15.02 A, WHICH IS DUTY-FREE, AND THAT LESS THAN HALF OF ONE PERCENT OF THE IMPORTS FOR "INWARD PROCESSING" HAVE ENTERED UNDER 15.02 B I, WHICH IS DUTIABLE AT 7 PER CENT. IN CY 1972, THE LATEST AVAILABLE YEAR, TOTAL EC IMPORTS UNDER 15.02 A WERE 136,000 MT VALUED AT \$33 MILLION; THOSE UNDER 15.02 B I WERE 27,800 MT VALUED AT \$4 MILLION.

6. OUR COMMISSION SOURCE SEEMS TO BELIEVE THAT THE JULY 16 COUNCIL ACTION DOES NOT AFFECT THE BULK OF TALLOW IMPORTS FOR PROCESSING AND RE-EXPORT, BUT THAT IT DOES AFFECT THE DUTIES ON A

SMALL PORTION OF THIS TRADE. THE MISSION IS CHECKING FURTHER
INTO THIS POINT BEFORE BEING WILLING TO OFFER A DEFINITE
JUDGEMENT. JOHNSTON

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